ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 10-10-2012 BY 60324 UC BAW/SAB/RYSW

Enclosures to Bureau

Re: DREW PEARSON

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ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 10-10-2012 BY 60324 HC BAW/SAB/PVS

ROBERT S. ALLEN REPORTS

By Robert S. Allen

Washington, December 13 -- President Truman has not yet made up his mind whether he should or should not fire Attorney General Howard McGrath.

The decision depends on two things: How much hotter the Internal Revenue scandals become, and what happens on certain charges involving McGrath that congressional and other quarters are known to be investigating.

Behind-the-scenes, it is clearly apparent the President is peeved at the head of the Justice Department. The President is particularly sore because of McGrath's recent talk before the Federal Bar Association in which he bombastically declared, "Not one lawyer working for the United States will be found to be derelict in his duty or to his oath of office."

The President considers this a "reckless" statement, to say the least, in the light of the sensational disclosures concerning T. Lamar Caudle, former head of the Justice Department's Tax Division, and Charles Oliphant, former general counsel of the Revenue Bureau.

Further, the President is fully aware that McGrath knows that other U.S. Attorneys are due to be involved in spectacular exposes.

In the President's inner council, a sharp tug-of-war is taking place over what course should be pursued in dealing with the reverberating tax scandals, of which only the surface has been scratched --- previded the congressional props are not stifled, which could happen. Powerful forces already are secretly at work on that.

One group of the President's intimate advisors is strongly urging dramatic action.

Foremost among them are democratic national chairman Frank

MaKinney and Clark Clifford, former White House legal assistant. They
are telling the President he must"clean house hard and fast" if lasting
political damage is to be averted. McKinney, particularly, is
stressing the danger of serious political losses as a result of the
scandalous explosions.

Clifford is advocating the appointment of a leading Republican and Democrat to do the scourging job. But, so far, no one has been found who will take it.

Another inner faction is giving the President a directly opposite viewpoint.

These advisors are contending the "storm will soon blow over" and they want the President to ride it out and do nothing. Prominent among these counselors is Matt Connolly, presidential secretary and the most conservative member of what is known in the Capital as the "White House clique". One of Connolly's closest friends is the registered lobbyist of Dictator Franco.

Note: Last Friday, McGrath phoned the President and proposed flying to Key West to discuss the sour situation with him. Significant of their strained relations, the President turned McGrath down. The next day, after talking over the phone to Clifford and several others, the President abruptly decided to cut his vacation short and return to Washington. The first McGrath knew about that was from a press flash.

WHAT THE REDS WANT --- The UN can have a cease fire in Korea;
-MORE-

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but at the cost of important concessions to the Reds.

That's what the Joint Chiefs told the Fresident in their big conference with him after his return. General Bradley declared the protracted truce negotiations have reached the point "where a few concessions on both sides could bring an agreement if the Communists really want one."

"What do they want?" asked the President.

"The deadlock gets down to this," explained Bradley. "We are demanding the right to continue to rotate our troops as we have been doing for months. The Reds are flatly refusing to allow that. They are insisting on a complete freeze on replacements and weapons. But they have indicated they would-make concessions on that if we will allow them to build some airfields in North Korea. We have refused to do that. Obviously, they are using the rotation issue to try to wrest concessions from us on the airfield demand."

General Hoyt Vandenberg vigorously opposed giving any ground on that.

"I want a cease fire, if one can be worked out that is fair and proper," declared the Air Chief of Staff. "But I don't see how we can safely do anything that will enable the Reds to build up their air strength. That is what permitting them to build airfields will amount to. Such bases in North Korea will be of great combat value to them, if they decide to break the truce next spring, which I wouldn't put past them."

General J. Lawton Collins was inclined to favor some terms on the airfield dispute. He thought something could be worked out on that.

But the Army Chief of Staff was adament in insisting the Communists be required to agree to rotation of UN troops.

-MORE-

"That would be a serious blow to the morale of our men," Collins argued. "I am strongly opposed to any concessions on that. It is an unfair demand, and the only reason the Reds on making it is to try to force us to give in on airfields. Our Army can hold the present line until hell freezes over, and I am flatly opposed to giving the slightest ground on the replacement issue. The Reds would have the same right as us on that, and I don't see why they should object to it, except for trading purposes."

Bradley agreed with Collins, but emphasized the importance of not allowing the Communists to build up a powerful airforce.

President Truman listened intently to the military leaders and said nothing until they finished. Then he told them:

"As you know I am very anxious to bring the fighting to an end if that is possible. But I will not agree to concessions to the Communists that we may regret later on. We want to be very careful that we do not sell ourselves short in our eagerness to secure a truce for our men."

Also discussed was the question of building up the South Korean army, as this column has reported was proposed by General Ridgway. He wants to increase the ROK divisions from 11 to 20. No decision was reached on the matter, but President Truman strongly approved the plan.

"I am for prompt action on that," he said. "It seems to me a wary sound thing to do.

Similarly, the President approved moving to Korea one of the two National Guard divisions now in Japan. This has been suggested by Ridg way in order to permit the transfer of one of the battle-experienced divisions in Korea to Europe. General Eisenhower has requested that.

TAX ADVICE --- When you tackle your next income tax return, possibly next month, the following is some mighty sound adivice by the American Bar Association. The ABA has just sent it out to its members in a confidential bulletin:

"For the ordinary taxpayer, the Revenue Act of 1951 is undoubtedly looked upon as simply a tax increase measure. While that is true, there are several provisions which relieve hardships for the general taxpayer, and there are many provisions which relieve hardships in special circumstances. The only way to be sure whether the act contains a provision which may affect you is to check carefully EACH SEPARATE PROVISION OF THE ACT."

<u>LABOR EXODUS</u> --- The mobilization machinery will soon be without a top labor advisor.

George Harrison, AFL railroad head, who has been labor assistant to Mobilization Director Charles Wilson will shortly quit. So far no replacement is in sight.

Further, Wilson isn't exerting himself to find one. He was never enthusiastic about having a labor aide in the first place.

Harrison was appointed after a bitter clash between Wilson and the AFL and CIO. President Truman finally intervened and, in effect, required Wilson to put a labor leader on his staff. Harrison, an Administration supporter, was named. But after all the wrangling and fussing, Harrison has virtually done nothing on this job. A handsome office was set up for him, but he has visited it rarely. His formal resignation will merely be official recognition of a fact.

Harrison's departure from Wilson's organization may be followed by that of other laborites. Several of them on the staff of the Wage Stabilization Agency have let it be known they will quit after the holidays.

HERE AND THERE --- White House Secretary Matt Connolly may be involved in the tax probe soon. Congressional investigators have run across his trail in a certain case and are checking it closely. Connolly is urging the President to "take it easy and not get excited" by the explosions..... Charles Bay, U. S. Ambassador to Norway, is such a warm admirer of King Haakon that he is cutting his stay short here and is flying to Oslo especially to attend the King's birthday party. By doing that, Bay will keep the Soviet Ambassador from being the ranking guest. Bay is dean of the diplomatic corps in Norway and as such will preside at this affair, but the Red ambassador would step into that place if Bay didn't show up. He is the ranking diplomat in Oslo by virtue of having served there longest, just as the Norwegian ambassador is dean in Washington because he has been in the foreign diplomat.... The numerous Capital longer than any other restaurants and snack-bars in the Pentagon serve more than 45,000 cups of coffee daily --- an average of $1\frac{1}{2}$ cups for the 30,000 military and civilians who work in the vast building.

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FROM THE BELL SYNDICATE, INC .-- RELEASE SATURDAY, DEC. 15, 1951.

DREW PEARSON

ON

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THE WASHINGTON MERRY-GO-ROUND

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DREW PEARSON SAYS: (CAPS) TRUMAN GOT FAVORABLE REPORT ON KOREAN

TRUCE AT JOINT CHIEFS MEETING; U.S. TROOPS COULD STAY IN KOREA

TILL "HELL FREEZES OVER; " TOP EXECUTIVES DESERTING TRUMAN. (END CAPS)

WASHINGTON.--MOST OF THE WORLD WAS INTRIGUED OVER PRESIDENT TRUMAN'S MUCH-PUBLICIZED MEETING WITH THE JOINT CHIEFS OF STAFF FOLLOWING HIS RETURN FROM KEY WEST. HOWEVER, IT TURNED OUT TO BE PRETTY MUCH ROUTINE AFTER ALL. HIGHLIGHT OF THE MEETING WAS AN OPTIMISTIC ASSURANCE FROM GEN. OMAR BRADLEY THAT A CEASE-FIRE COULD PE WORKED OUT IN KOREA.

THE NATION'S HIGHEST DIPLOMATIC AND MILITARY CHIEFS WERE WAITING IN THE CABINET ROOM WHEN PRESIDENT TRUMAN STRODE IN. HE WAS GRINNING BROADLY. SHAKING HANDS WITH EVERYONE AROUND THE CONFERENCE TABLE, HE REPORTED THAT IT WAS "GOOD TO BE BACK," AND ASKED HOW THEY LIKED HIS SUN TAN.

AFTER THAT, HE LET THE JOINT CHIEFS OF STAFF DO MOST OF THE TALKING, AND HERE IS A BRIEF, CHRONOLOGICAL ACCOUNT OF WHAT HAPPENED AT THE MEETING WHICH CAUSED SO MUCH WORLD-WIDE SPECULATION:

THE PRESIDENT SAT BACK, LISTENED INTENTLY AND CALLED FOR EVERYONE'S VIEWS. OCCASIONALLY, HE BOUNCED HIS FINGERS TOGETHER REFLECTIVELY, IN A QUICK, IMPULSIVE GESTURE, AND MADE SUCH COMMENTS AS: "THAT'S A TOUGH ONE."

GENERAL BRADLEY LED OFF WITH A SUMMARY OF THE KOREAN SITUATION. HE REPORTED THAT THE COMMUNISTS SEEMED TO BE READY TO COME TO TERMS, THAT A CEASE-FIRE AGREEMENT COULD BE WORKED OUT IF BOTH SIDES MADE CONCESSIONS.

HOWEVER, GEN. HOYT VANDENBERG, AIR CHIEF OF STAFF, OPPOSED MAKING ANY MAJOR CONCESSIONS. HE WAS PARTICULARLY ADAMANT AGAINST ALLOWING THE COMMUNISTS THE RIGHT TO BUILD AIRFIELDS DURING THE CEASE-FIRE.

GEN. J. LAWTON COLLINS, THE ARMY CHIEF OF STAFF, VIGOROUSLY OPPOSED GIVING IN TO THE COMMUNISTS ON TROOP ROTATION. THE CHINESE HAVE PROPOSED A FREEZE ON ALL TROOPS ENTERING KOREA, THUS BLOCKING REPLACEMENTS. FOR COMBAT VETERANS WHO HAVE BEEN PROMISED THE CHANCE TO GO HOME ON ROTATION. THIS WOULD BE A "BLOW TO MORALE," COLLINS WARNED.

--SILENT ADMIRAL--

HOWEVER, GENERAL COLLINS READILY AGREED THAT THINOR CONCESSIONS ON OTHER POINTS SHOULD BE MADE IN ORDER TO WIN CONCESSIONS FROM THE COMMUNISTS.

PRESIDENT TRUMAN'S ONLY COMMENT WAS THAT EVERY EFFORT SHOULD BE MADE TO REACH A CEASE-FIRE, BUT NO CONCESSIONS SHOULD BE GRANTED THAT WE "WOULD LATER REGRET."

(MORE)

MERRY-GO-ROUND -- SATURDAY, DECEMBER 15--PAGE 2.

LEAST TALKATIVE OF THE JOINT CHIEFS WAS ADMIRAL FECHTELER, WHO MADE A SHORT, HALF-MINUTE SPEECH IN WHICH HE ASSURED THE PRESIDENT THAT THE NAVY IS PREPARED TO CARRY OUT "ANY MISSION ANY TIME ANY PLACE."

FOR THE ARMY'S PART, GENERAL COLLINS ASSURED THE PRESIDENT THAT THE ARMY COULDN'T BE BLASTED OUT OF KOREA, BUT COULD HOLD ON "UNTIL HELL FREEZES OVER."

ANOTHER CONCESSION DISCUSSED WAS THAT OF GIVING IN TO THE COMMUNISTS ON INSPECTION TEAMS BEHIND THE LINES. WE HAVE BEEN HOLDING OUT FOR INSPECTION BY "NEUTRAL NATIONS."

BY NEUTRAL NATIONS, THE COMMUNIST NEGOTIATORS SAID THEY MEANT POLAND AND CZECHOSLOVAKIA. LATER, HOWEVER, THEY AGREED THAT THEY WOULD ALSO CONSIDER DENMARK, SWEDEN AND SWITZERLAND AS "NEUTRAL NATIONS." THESE THREE WOULD BE ACCEPTABLE TO US, AND GENERAL BRADLEY PROPOSED GIVING GROUND ON THIS POINT. THIS HAS NOW BEEN DONE.

THE CHIEF THEME OF THE MEETING WAS THAT A CEASE-FIRE AGREEMENT MAY BE CLOSE AT HAND. ALL SIGNS POINT TO A SETTLEMENT WITHIN THE NEXT 20 DAYS. THOUGH SOME DETAILS WILL BE LEFT TO IRON OUT AFTER THE DECEMBER 27 DEADLINE, WE ARE SURE TO GRANT A SHORT EXTENSION TO CLEAN THEM UP.

ANOTHER MATTER THAT WAS DISCUSSED AT THE WHITE HOUSE WAS THE QUESTION OF WITHDRAWING U.N. TROOPS FROM KOREA ALTOGETHER--AFTER THE ARMISTICE. HOWEVER, THE FACTS REGARDING THIS SHOULD NOT BE MADE PUBLIC NOW.

--BRASS HAT CHRISTMAS--

EECAUSE THE CAPTAIN OF THE NAVY AMPHIBIOUS LANDING CRAFT USS NEW KENT LIVES NOT FAR FROM BALTIMORE, ITS CREW WILL HAVE TO SPEND CHRISTMAS AT PALTIMORE, DESPITE THE FACT THAT MANY OF THEIR FAMILIES LIVE AT THE SHIP'S HOME BASE--NORFOLK.

ORDINARILY NAVAL VESSELS TIE UP AT THEIR HOME BASE FOR CHRISTMAS.

AND BECAUSE NORFOLK HAS BEEN THE HOME BASE FOR THE NEW KENT, MANY
WIVES OF THE MEN AND OFFICERS HAD MOVED TO THAT CITY. HOWEVER, CAPT.

RONALD WOODAMAN LIVES AT GLENCOE, MD., A SUBURB OF BALTIMORE, SO HE
IS TAKING THE SHIP TO BALTIMORE FOR THE HOLIDAYS.

THIS MEANS THAT HALF THE OFFICERS AND 68 OF THE ENLISTED MEN WILL HAVE TO TRAVEL BACK TO NORFOLK TO SPEND CHRISTMAS WITH THEIR FAMILIES.

--IF I WERE PRESIDENT--

HARRY TRUMAN CONSTANTLY COMPLAINS TO FRIENDS: "I CAN'T GET GOOD MEN TO COME INTO THE GOVERNMENT,"

WHAT HE DOESN'T REALIZE IS THAT FEW MEN WANT TO RISK SCANDAL CONTAMINATION BY SERVING WITH MEDIOCRITIES; THOUGH MANY WOULD COME IN IF THE PRESIDENT CLEANED HOUSE, BEGAN WITH A NEW SLATE.

(MORE)

MERRY-GO-ROUND--SATURDAY, DECEMBER 15--PAGE 3.

THERE ISN'T A CHANCE IN THE WORLD THAT HE'LL APPOINT THEM, BUT HERE
IS A ROLLCALL OF A CLEAN-UP CABINET WHICH SOME OF TRUMAN'S FRIENDS PREPARED THE OTHER NIGHT WHILE PLAYING THE GAME OF "IF I WERE PRESIDENT":

FOR SPECIAL PROSECUTOR--WILY, DRAMATIC EX-SEN. BURTON K. WHEELER OF MONTANA, ONCE ONE OF THE SENATE'S GREATEST PROSECUTORS.

ASSISTANT ATTORNEY GENERAL FOR THE TAX DIVISION--ADRIAN DE WIND, ABLE CHIEF COUNSEL OF THE KING COMMITTEE.

ALIEN PROPERTY CUSTODIAN--GEN. TELFORD TAYLOR, THE SMALL-BUSINESS ADMINISTRATOR; OR JOSEPH BORKIN, THE EX-JUSTICE DEPARTMENT TRUSTBUSTER. BOTH ARE INTIMATELY FAMILIAR WITH THE GIANT NAZI BUSINESS ENTERPRISES NOW BEING ADMINISTERED BY THE CUSTODIAN.

SECRETARY OF THE TREASURY RANDOLPH PAUL, THE BRILLIANT FORMER CHIEF COUNSEL OF THE TREASURY.

COMMISSIONER OF INTERNAL REVENUE -- MAURY MAVERICK OR LEON HENDERSON, BOTH, TWO-FISTED CRUSADERS WITH YEARS OF WASHINGTON KNOW-HOW.

CHIEF COUNSEL OF THE BUREAU OF INTERNAL REVENUE--BRUNG SCHACHNER, ASSISTANT COUNSEL OF THE KING COMMITTEE.

TO CREATE FURTHER CONFIDENCE IN THE WHITE HOUSE, MR. TRUMAN MIGHT SUBSTITUTE PAUL PORTER FOR SECRETARY MATT CONNELLY, WHO HAS NO LOVE FOR THE GRAFT PROBES.

(END PEARSON COLUMN FOR SATURDAY, DEC. 15, 1951.)

12/12/51 MG519P

PEARSON SPECIAL FOR ILLINOIS AND TENNESSEE AND COAL-AREA PAPERS.

AVAILABLE TO ALL SUBSCRIBERS.

--NEW COAL METROPOLIS--

THE SMALL TOWN OF JOPPA, ILLINOIS, WILL SOON BECOME THE HUB FOR A VAST NEW MARKET FOR COAL--A MARKET SO IMMENSE THAT EVEN EXPERIENCED COAL OPERATORS CANNOT VISUALIZE ITS SIZE.

THE TOTAL AMOUNT OF COAL INVOLVED IS EXPECTED TO COME TO 17,500,000 TONS ANNUALLY--OR ABOUT TWICE THE COAL REQUIRED YEARLY BY THE WHOLE STATE OF MASSACHUSETTS.

THIS IMMENSE TONNAGE OF COAL WILL GO CHIEFLY TO THE TENNESSEE VALLEY AUTHORITY'S STEAM-GENERATING PLANTS AND TO ELECTRIC ENERGY, INC.--A GROUP OF FIVE PRIVATE POWER COMPANIES SUPPLYING A SECRET INSTALLATION OF THE ATOMIC ENERGY COMMISSION.

THIS TREMENDOUS INCREASE IN COAL CONSUMPTION IS GOOD NEWS FOR SOUTHERN ILLINOIS COAL OPERATORS WHO, ALONG WITH THE REST OF THE INDUSTRY, HAVE LONG BEEN FACED WITH DWINDLING MARKETS. IT'S ALSO ENCOURAGING NEWS FOR DOZENS OF SMALL TOWNS IN THE MIDWEST DEPENDENT ON COAL MINING, AND INDIRECTLY MAY BE A "SHOT IN THE ARM" TO THE WHOLE INDUSTRY.

ELECTRIC ENERGY, INC., WILL USE 2,500,000 TO 3,000,000 TONS ANNUALLY IN ITS ELECTRIC GENERATING PLANT AT JOPPA. THIS POWER HAS BEEN EAR-MARKED FOR THE NEW ATOMIC PLANT ACROSS THE OHIO RIVER AT KEVIL, KY.

THE TVA WILL NEED AT LEAST 12,500,000 TONS PER YEAR TO KEEP ITS SIX STEAM PLANTS GOING. THIS COAL WILL BE DUMPED INTO BARGES AT JOPPA FOR DELIVERY TO TVA TERMINALS VIA THE OHIO AND TENNESSEE RIVER.

CHIEF DIFFICULTY THUS FAR IS THE LACK OF ADEQUATE RAIL TRANSPORTATION TO JOPPA, NOW SERVED ONLY BY THE CHICAGO AND EASTERN ILLINOIS RAILROAD. BOTH THE NEW YORK CENTRAL AND THE BURLINGTON ROAD ARE SEEKING INTERSTATE COMMERCE COMMISSION PERMISSION TO BUILD SHORT EXTENSIONS RUNNING INTO JOPPA. THIS HAS THE SUPPORT OF BOTH TVA AND THE ATOMIC ENERGY COMMISSION WHICH DEMAND THAT THERE BE NO CURTAILMENT OF THEIR FUEL SUPPLY BY FLOOD, WRECKS OR ANYTHING ELSE.

THE CHICAGO AND EASTERN ILLINOIS IS TRYING TO MAINTAIN ITS MONOPOLY
AS THE ONLY LINE NOW SERVING JOPPA, BUT OFFICIALS POINT OUT THAT THERE'S
MORE THAN ENOUGH COAL INVOLVED TO KEEP ALL THREE RAILROADS BUSY.

THE CONTROVERSY BETWEEN THE RAILROADS IS NOW UNDER CONSIDERATION BY THE INTERSTATE COMMERCE COMMISSION. ONCE THE ICC "CLEARS THE TRACKS" THE LITTLE TOWN OF JOPPA WILL BECOME THE COAL CAPITAL OF THE MIDWEST.

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12/12/51 MG530P

FROM THE BELL SYNDICATE, INC., 229 W. 43 ST., NEW YORK.
CONFIDENTIAL TO EDITORS:

ONE HOUR AFTER THE COLUMN RELEASED FOR DECEMBER 15 WAS ON THE TELETYPE TO NEW YORK, PRESIDENT TRUMAN ASKED GENERAL BRADLEY PERSONALLY TO USE HIS INFLUENCE TO STOP ITS PUBLICATION.

AS A RESULT THE COLUMN IN QUESTION, HALF OF WHICH PERTAINED TO THE PRESIDENT'S MEETING WITH THE JOINT CHIEFS OF STAFF ON MONDAY WAS SUBMITTED PERSONALLY TO GENERAL BRADLEY FOR HIS PERUSAL.

GENERAL BRADLEY DID NOT CONCUR WITH THE PRESIDENT THAT THE COLUMN SHOULD BE KILLED. HOWEVER, HE HAS SUGGESTED TWO CHANGES WHICH I AM HAPPY TO MAKE.

THE SECOND PARAGRAPH UNDER CAPTION "SILENT ADMIRAL" SHOULD READ "PRESIDENT TRUMAN COMMENTED THAT NO CONCESSIONS SHOULD BE GRANTED THAT WE "WOULD LATER REGRET."

ALSO IN THE NEXT TO THE LAST PARAGRAPH OF THE STORY MAKE THE THIRD AND CLOSING SENTENCE OF THIS PARAGRAPH READ: SOME DETAILS WILL BE LEFT TO IRON OUT AFTER THE DECEMBER 27 DEADLINE. IN OTHER WORDS, OMIT THE WORD THOUGH AND THE WORDS WE ARE SURE TO GRANT A SHORT EXTENSION TO CLEAN THEM UP.

MANY THANKS,

DREW PEARSON

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TO WASHINGTON MERRY-GO-ROUND EDITORS:

WE BELIEVE DREW PEARSON'S CURRENT COLUMN SERIES ON CORRUPTION IN GOVERNMENT WILL HAVE WIDE READER INTEREST. YOU MAY WISH TO START IT OFF WITH THE FOLLOWING PROMOTION BOX ON THE FRONT PAGE.

THE BELL SYNDICATE.

(BOX)

--GRAFT IN GOVERNMENT--

TODAY, DREW PEARSON, WHO PIONEERED THE FIRST STORIES ON TAX FRAUDS, BEGINS A SERIES OF VITALLY IMPORTANT COLUMNS ON CORRUPTION IN GOVERN-MENT--HOW IT GOT STARTED, WHO IS RESPONSIBLE, WHAT IS THE CURE. READ THE FIRST OF THESE COLUMNS ON PAGE ---- (TODAY OR TOMORROW)

(END BOX)

12/13/51 MG453P